

IN THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE  
FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

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STATE OF TENNESSEE,  
Petitioner,

v.

IDT, Corp. d/b/a Internation Discount  
Telecommunications, Corp., IDT Internet  
Services, Inc., and Internet Online  
Serives, Inc., a foreign corporation

Respondent.

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**PETITION**

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Charles W. Burson, Attorney General and Reporter for the State of Tennessee, (hereinafter "Attorney General"), files this Petition pursuant to Tenn. Code Ann. § 47-18-107 of the Tennessee Consumer Protection Act of 1977 (hereinafter "the Act"), and would respectfully show the Court as follows:

1. The Division of Consumer Affairs of the Tennessee Department of Insurance and Commerce (hereinafter "the Division") and the Attorney General, acting pursuant to the Act, have investigated certain acts and practices of IDT, Corp. d/b/a International Discount Telecommunications, Corp., IDT Internet Services, Inc., and Internet Online Services, Inc., a corporation incorporated under the laws of Delaware (hereinafter, "Respondent"). Upon completion of such investigation, the Division has determined that certain of Respondent's acts and practices, more specifically described in Paragraph 2 of this Petition, constitute unfair and deceptive acts or practices affecting the conduct of trade or commerce in the State of Tennessee in violation of Tenn. Code Ann. § 47-18-104(a), and further that such acts and practices constitute violations of Tenn. Code Ann. §§ 47-18-104(a), (b)(5), (b)(12) and (b)(27).

2. Based upon their investigation of Respondent, the Division and the Attorney General allege the

following:

(A) Respondent is in the business of offering, selling and providing Internet services.

(B) As part of its business, the Respondent placed print and broadcast media advertisements relating to the services offered. Those advertisements included the following statements:

1. "TOTAL INTERNET ACCESS \$15 PER MONTH UNLIMITED! UNCENSORED!"
2. "For \$15 monthly we deliver unlimited and uncensored usage with free customer support."
3. "We also provide free Netscape(TM) the ultimate WEB browser with every Slip/PPP account."
4. "IDT Internet gives you unlimited high speed Internet for \$15 a month or \$29 a month with free Netscape. No slow downs, unlimited free E-mail, free tech support, and access nearly always a local call."
5. "Plus, it's always a local call."
6. "To sign up/get information call anytime: 1-800-245-8000"
7. "You AOL users know what I mean, you're all psyched to get online but all you may get is a busy signal."
8. "And finally, 'no more endless waiting for tech support' writes a New Jersey psychologist added IDT's techies respond within minutes ... day or night'."
9. "TOTAL INTERNET \$15.95 monthly with IDT's EXCEL service (\$19.95 without)."

(C) These advertisements led consumers to believe that the Internet services provided by Respondent would enable users to purchase the necessary service for \$15 per month when, in fact, the \$15 service did not afford the services necessary for all users.

(D) The \$15 offer did not apply to SLIP/PPP accounts, which were the only accounts for which the Netscape offer then applied.

(E) The Respondent failed to disclose that the \$15.95 rate offered was only available to consumers who also agreed to use Respondent's long distance telephone services.

(F) Respondent's claims that calls to Respondent would always, or almost always, be a local call and that Respondent provides "free customer support" were false and misleading. Some subscribers who called Respondent for technical support experienced repeated busy signals and/or were put on hold for longer than was reasonable. Others received no response to their voice-mail or electronic mail messages.

(G) At times, Internet packages were sent out by Respondent without including the software package and/or information necessary to assist subscribers in installing and/or configuring such software. Additionally, Respondent sometimes failed to provide adequate numbers for Internet access.

(H) Despite its representatives' offer of cancellation "at any time" to consumers who purchased a year's worth of Internet access, the Respondent failed to respond to and/or honor such requests for cancellation.

(I) Respondent also failed to provide technical support and did not, on some occasions, respond to requests for such support, complaints or requests for cancellation within a reasonable period of time.

(J) Respondent's conduct constitutes unfair and deceptive acts or practices.

3. Respondent denies the allegations of Paragraph 2 (A-J).

4. Upon completion of its investigation, the Division requested the Attorney General to negotiate, and if possible to accept, an Assurance of Voluntary Compliance in accordance with the provisions set forth in Tenn. Code Ann. § 47-18-107.

5. The Attorney General entered into negotiations with Respondent and the parties have agreed to, and the Division has approved, the attached Assurance of Voluntary Compliance.

6. In accordance with the provisions of Tenn. Code Ann. § 47-18-107(c), the execution, delivery and filing of the Assurance does not constitute an admission of prior violation of the Act.

7. The Division, the Attorney General, and the Respondent, the parties who are primarily interested in the matters set forth in Paragraph 2 hereof, have jointly agreed to the Assurance of Voluntary Compliance and join in its filing.

PREMISES CONSIDERED, Petitioner prays

1. That this Petition be filed without cost bond pursuant to the provisions of Tenn. Code Ann. §§ 20-13-101 and 47-18-116.
2. That the Assurance of Voluntary Compliance be approved and filed in accordance with the provisions of the Tennessee Consumer Protection Act.